

APR 13 1939

C 81 C  
n. 12  
1.42

UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration  
Washington, D. C.

INSTRUCTIONS FOR STATE AND COUNTY COMMITTEES FOR  
SUPERVISION OF 1938 and 1938-39 CORN LOANS, AND  
PROCEDURE FOR LIQUIDATION OF LOANS BEFORE MATURITY.

INTRODUCTION

In executing the Corn Chattel Mortgages (1938 C.C.C. Corn Form A and 1938-39 C.C.C. Corn Form A-1) the producer agrees under Section 3 thereof that any holder of the note may declare the loan due and payable upon: (b) The discovery that the producer has made any misrepresentations in the Loan Agreement or in connection with the loan; (c) The discovery that the corn collateral is damaged or threatened with damage or otherwise impaired or abandoned; or (d) The filing by the producer of a petition in bankruptcy or of a petition for a composition or of a request for extension of time for payment of debts under State or Federal laws.

Under Section 6 of the Chattel Mortgage, the producer authorizes Commodity Credit Corporation and/or the Reconstruction Finance Corporation as holder or holders of the note, or any Agent of the Agricultural Adjustment Administration to enter upon the premises described in the Chattel Mortgage, for the purpose of inspecting the corn.

With regard to notes held by Lending Agencies (other than Loan Agencies of the Reconstruction Finance Corporation) where such Lending Agencies have executed the Contract to Purchase (1938 or 1938-39 Corn Form D) the Commodity Credit Corporation has agreed to purchase all eligible corn loan notes tendered to it before July 1, 1939. Consequently, the Corporation is an interested party in connection with all such notes; hence, representatives of the Agricultural Adjustment Administration should give to such loans the same attention and supervision as given to those represented by notes already held by the Corporation.

SUPERVISION

In order better to protect the interests of producers, the Commodity Credit Corporation, and the Agricultural Adjustment Administration, it is necessary that representatives of the Agricultural Adjustment Administration, including members of the State and County Agricultural Conservation Committees (hereinafter referred to as State and County Committees, respectively) maintain careful supervision of all loans, and should see that reinspections are carefully made and that reports are submitted at regular intervals as may be requested by the State office as to progress of the work, and condition of collateral. A summary of such reports by counties should be submitted to the Director's office each month by each State.

REINSPECTION

The county committee should arrange for reinspection of all corn loans within its county at regular intervals as directed by the State Committee. Other inspections should be made whenever the County Committee has reason to believe that the corn collateral is damaged or threatened with damage or loss. It is desirable that a committeeman accompany each inspector on part or all of his inspections in order that the County Committee may be fully informed as to the work of the inspector and the condition of the loan collateral. When advisable, the county Committee may have the reinspection made by an inspector other than the original inspector.

Each inspection must be thorough and complete and must be recorded on the form "Corn Loan-11" in accordance with instructions printed on the back thereof. Whenever the corn collateral is damaged, or threatened with damage, or otherwise impaired or abandoned, information concerning all phases of the loan should be obtained to be used as the basis of a report on "Corn Loan-11" to be made by the County Committee to the State Committee and a notice should be sent to borrower calling attention to damaged condition of collateral or structure together with recommendation of the County Committee.

NOTICE TO LENDING AGENCIES

In case the note and mortgage in question are held by a Lending Agency other than Commodity Credit Corporation, the County Committee shall mail a copy of the report (Corn Loan-11) to such Lending Agency, if it has executed a Contract to Purchase (1938-39 C.C.C. Corn Form D) directing the holder to submit the note and mortgage to Commodity Credit Corporation for purchase.

STATE COMMITTEE RECOMMENDATION

Upon receipt of a report (Corn Loan-11) from the County Committee recommending the calling of any loan, the State Committee shall, if it deems the recommendation justified, immediately approve and forward the same to Commodity Credit Corporation.

In those cases where the State Committee disapproves the County Committee's recommendation, or where the County Committee has not recommended the calling of the loan, the State Committee may direct one of its fieldmen to cooperate with the County Committee in further re-inspection of such questionable loan.

CALLED LOANS

Upon receipt of a report from a State Committee recommending that a loan be called, Commodity Credit Corporation (if holder of the note or upon purchase of such note) shall take such action as is deemed necessary. If it decides to call such loan, it will execute and mail to the appropriate County Committee an original and duplicate copy of 1938-39 CCC Corn Form L addressed to the producer, the original of which is to be delivered to the producer by the County Committee, which will retain the duplicate thereof for its files. A copy of this form will be mailed by Commodity Credit

Corporation to the appropriate State Committee for its information.

Along with copies of 1938-39 CCC Corn Form L, Commodity Credit Corporation shall transmit to the County Committee copy of 1938-39 CCC Corn Form M which authorizes and directs the County Committee to represent Commodity Credit Corporation in the collection of the amount due on the loan in question. After the County Committee has delivered the original of 1938-39 CCC Corn Form L to the producer, it should proceed to collect the loan in full, or to sell the corn at the elevator, loading station, or such other point as the producer delivers it.

#### FAILURE TO DELIVER

If the producer refuses to make delivery pursuant to the Chattel Mortgage, the County Committee may sell the corn at the crib, or, if necessary, arrange for the shelling of the corn and its transportation to the elevator, or other convenient market, giving the producer a receipt for the number of bushels of corn received.

The County Committee shall submit to Commodity Credit Corporation at the appropriate Loan Agency of the Reconstruction Finance Corporation, through which the loan was made or to which the loan paper was sent for purchase, a complete report on 1938-39 CCC Corn Form N covering each loan so handled, indicating such shortages, if any, as may occur. With this report there shall be forwarded the entire net proceeds of the sale of the corn collateral, by postal money order, cashier's check, or certified check, made payable to Commodity Credit Corporation, which will be credited against the producer's loan. A copy of this report shall also be mailed by the County Committee to its State Committee.

#### BORROWER'S LIABILITY

In the event the net proceeds are in excess of the principal amount due on the loan, plus accrued interest and other charges, the over-plus shall be remitted directly to the producer by the Commodity Credit Corporation. If the net proceeds are insufficient to meet the loan plus accrued charges, the County Committee shall indicate in its report (1938-39 CCC Corn Form N) complete information as to whether the producer may have made a fraudulent misrepresentation in connection with his corn loan which would subject him to civil liability under the provisions of the chattel mortgage or to criminal liability under the provisions of the United States Criminal Code.

#### PAYMENT OF DEFICIENCIES

Should the county committee have reason to believe that the producer has made a fraudulent misrepresentation, it shall request the producer to pay the balance due on the loan in full, including shelling, hauling, delivery, and all other charges which may have been incurred. In the event the producer has not made a fraudulent misrepresentation, he is liable only for the difference between the net amount received and the market value of grade 3 corn. When the producer is unable to pay, or refuses to pay, any deficiencies as those determined, the county committee shall report the same with complete particulars to the State Committee

and the Corporation, in order that the Secretary of Agriculture may be requested to set off and pay such deficiency from the proceeds of any benefit payments due to the producer.

EXPENSES OF COUNTY COMMITTEE

Expenses of county committeemen incident to the supervision and liquidation of these loans are not to be deducted from the sale proceeds of the corn.

PAYMENT OF LOAN IN CASH

In case the borrower desires to pay his loan in order to secure a release of the corn collateral for feeding or other purposes, he must make payment in full including principal, interest, insurance, and proper charges.

If the producer obtained his loan from a bank or other lending agency, and the loan documents are still held by such lending agency, he may secure a release of the corn by paying to such lending agency the principal and interest.

If the note was made payable directly to, or is now held by, the Commodity Credit Corporation, the borrower should write the loan agency of the Reconstruction Finance Corporation now holding the note, requesting a statement of the amount due on his loan in order that payment may be sent direct to the Corporation. In case the borrower prefers to make settlement through a local bank, he should advise the Corporation as to the bank which he wishes the loan documents forwarded for collection.

UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration  
County Agricultural  
Conservation Committee

, 1939

(Borrower's Name)

(Address)

Re: \_\_\_\_\_ Corn under Seal Number \_\_\_\_\_

1937 or 1938

Located on \_\_\_\_\_

(Legal Description)

Dear Sir:

The County Agricultural Conservation Committee has been authorized and directed to inspect and supervise the storage conditions of corn on which loans were made under the Federal Corn Loan Program. As a result of such inspection we find that you are the borrower on corn under the above numbered seal which is threatened with damage for the following reasons:

---

---

---

You have agreed in the Corn Chattel Mortgage that in case the corn is delivered in payment of the loan you will deliver corn of the grade shown in the Mortgage when the loan is made on 1937 corn, and the grade must be numbered 3 or better when the loan is on 1938 corn.

In order that damage to this corn may be prevented we request that you take the following action at once and continue to keep the structure in proper repair, and the corn in good condition.

---

---

Please answer the following questions, sign and return this form to this office.

(Member County Agricultural Conservation Committee)

(Address)

Has the above request been complied with? \_\_\_\_\_

On what date? \_\_\_\_\_

Is the corn now undamaged? \_\_\_\_\_ Is the structure in such condition that it will keep the corn undamaged for the remainder of the loan period? \_\_\_\_\_

(Date)

(Signature of Borrower)



To \_\_\_\_\_ Producer

You are hereby advised that your corn loan note dated \_\_\_\_\_ in the principal amount of \$ \_\_\_\_\_ is hereby declared to be immediately due and payable. There is also due on said note, to and including the above date as interest thereon, the sum of \$ \_\_\_\_\_ and \$ \_\_\_\_\_ for insurance charges, plus the charges and expense in connection with the calling of this note and the delivery and sale of the corn collateral in accordance with the terms of the chattel mortgage securing said note. The daily accrual of interest and insurance charges of \$ \_\_\_\_\_ to the date funds from the sales proceeds of the corn, or otherwise are actually available to the Federal Reserve Bank or branch thereof serving the district in which the corn is stored.

Our records indicate said note is secured by corn collateral of the crop in the amount of \_\_\_\_\_ bushels situated on the following premises \_\_\_\_\_

in \_\_\_\_\_ County, State of \_\_\_\_\_ and that on the maturity of the note you will at your expense, shell and deliver the corn collateral to a grain elevator at a point reasonably convenient to you as the holder of said note may designate.

Pursuant to Section 4 of said chattel mortgage, you are hereby directed to shell and/or deliver the corn collateral in accordance with instructions from the County Agricultural Conservation Committee, which, acting as Representative of Commodity Credit Corporation, will deliver this notice to you. In the event of your refusal to act as directed by such Representative, the Representative is authorized to take such action as is necessary to complete the sale and delivery of the corn including the shelling (if necessary) and hauling of the corn to the designated grain elevator. All such costs shall be a charge against the corn.

Your attention is called to Section 7 of the chattel mortgage as to the penalty imposed by reason of your failure to deliver corn of the quantity stated in the chattel mortgage graded #3 or better.

The sales proceeds of the corn will be applied in payment of your note, together with interest thereon and insurance and other charges, including the costs in connection with the sale and delivery of the corn. Any over-plus will be returned to you.

\_\_\_\_\_  
County  
Agricultural Conservation Committee

COMMODITY CREDIT CORPORATION

By \_\_\_\_\_, Agent.  
(Manager \_\_\_\_\_ Loan Agency  
RECONSTRUCTION FINANCE CORPORATION)

By \_\_\_\_\_



To: \_\_\_\_\_ County  
Agricultural Conservation Committee

Dear Sirs:

Enclosed is a letter directed to \_\_\_\_\_ (Name of Producer) \_\_\_\_\_ (Address)  
relative to Corn Loan Serial No. \_\_\_\_\_, in the principal amount of \$ \_\_\_\_\_  
secured by \_\_\_\_\_ bushels of corn, which you are authorized and requested to  
deliver immediately to the designated producer. This letter declares his corn  
to be immediately due and payable.

Any member of your Committee is hereby authorized and requested to represent Commodity Credit Corporation in the liquidation of this loan. You are to proceed at once with the collection of this loan in full, or otherwise to sell the corn at the elevator, loading station, or such other point as the producer delivers it; or, if the producer refuses to make delivery pursuant to the Chattel Mortgage, you are requested to sell the corn at the crib, or if necessary, arrange for the shelling and transportation of the corn to the elevator, or other convenient market, giving the producer a receipt for the number of bushels actually measured out if sold on the ear; and on an actual weight basis if sold as shelled corn. If possible, the corn should be sold on the ear and at the crib in order to minimize the expenses of liquidation. Upon the sale of the corn, you shall remit the entire net proceeds (after payment of shelling, hauling, labor, and other expenses) to the Loan Agency of Reconstruction Finance Corporation at the point from which your instructions originated. Receipts evidencing payment of any expenses in connection with this loan shall be submitted with 1938-39 CCC Corn Form N. In the event the producer fails to deliver and refuses to permit the County Committee to take possession of the corn, full information should be furnished to the Loan Agency of Reconstruction Finance Corporation for the institution of foreclosure proceedings.

You are to submit with such proceeds, a complete report on each loan so handled, on 1938-39 CCC Corn Form N, indicating whether there was a shortage, and if so, your opinion and the reasons therefor concerning the cause of the shortage. If the circumstances indicate that the producer should pay the deficiency, secure payment of the same if possible. Should any case arise in which the producer is unable to pay the deficiency and refuses to comply with above request, report such information in full to this office, in order that Commodity Credit Corporation may request the Secretary of Agriculture to set off and pay the deficiency pursuant to the authority granted by the producer in Section 7 of the chattel mortgage.

COMMODITY CREDIT CORPORATION

By \_\_\_\_\_, Agent  
(Manager \_\_\_\_\_, Loan Agency  
Reconstruction Finance Corporation)



Date \_\_\_\_\_

To: \_\_\_\_\_ Manager  
Reconstruction Finance Corporation  
Loan Agency \_\_\_\_\_

Dear Sir:

The original of 1938-39 CCC Corn Form L was delivered to \_\_\_\_\_, the producer named therein on \_\_\_\_\_. Pursuant to your request on 1938-39 CCC Corn Form M for proceeding with the collection of this loan, the following information is submitted:

Sales Report:

Delivery Point \_\_\_\_\_

Amount of corn sold \_\_\_\_\_ Bushels

Grade \_\_\_\_\_

Price per bushel \$ \_\_\_\_\_

Total Sales proceeds \$ \_\_\_\_\_

Expenses:

Shelling \_\_\_\_\_

Hauling \_\_\_\_\_

Labor (analyze) \_\_\_\_\_

Travel \_\_\_\_\_

Time consumed \_\_\_\_\_ hours

The price of No. 3 corn at delivery point as of the date of 1938-39 CCC Corn Form L addressed to such producer was \$ \_\_\_\_\_ per bushel.

Enclosed is a Cashier's Check or Postal Money Order for \$ \_\_\_\_\_ in payment for the corn.

Remarks regarding shortage of corn to supply information upon which to base a claim for recovery under Commodity Credit Corporation insurance policy:

---

---

---

Note: Mail copy of this report to State Committee. Expenses of the County Committeemen incident to the liquidation of these loans are not to be deducted from the sales proceeds.

COUNTY  
AGRICULTURAL CONSERVATION COMMITTEE

By \_\_\_\_\_

(Address)

